

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 6886**

**BILL NUMBER:** HB 1469

**NOTE PREPARED:** Dec 15, 2004

**BILL AMENDED:**

**SUBJECT:** Motor Vehicle Chop Shops.

**FIRST AUTHOR:** Rep. Reske

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill makes it a Class C felony subject to a fine of not more than \$100,000 to operate or conduct certain activities in support of a chop shop. It establishes a minimum fine of \$5,000 for offenses related to the misuse of vehicle identification numbers, labels, or plates. The bill provides for the seizure of property used in a chop shop or acquired through the proceeds of a chop shop. It provides that certain offenses involving the altering or defacing of vehicle identification numbers or in support of a chop shop may be used as a basis for conviction under the Racketeer Influenced and Corrupt Organizations (RICO) law.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** This bill makes certain activities related to operating a chop shop a Class C felony. A Class C felony is punishable by a prison term ranging from two to eight years depending upon mitigating and aggravating circumstances. The average expenditure to house an adult offender was \$21,514 in FY 2004, ranging from a low of \$16,645 to a high of \$49,281. (This does not include the cost of new construction.) If offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner. The estimated average cost of housing a juvenile in a state juvenile facility was \$59,574, with the costs ranging from a low of \$52,420 to a high of \$77,674. The average length of stay in Department of Correction (DOC) facilities for all Class C felony offenders is approximately two years.

The proposal provides for prosecution under the RICO law. Under RICO prosecution, profiting from engaging in a pattern of racketeering activities (i.e., committing two of the offenses on the list, or one offense twice), the individual commits a new crime, corrupt business influence, which is a Class C felony.

*Penalty Provisions:* If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. Currently, the maximum fine for Class C and D felonies is \$10,000 with no minimum fine. Under the bill, the Class C felony for operating a “chop shop” would be a fine of not more than \$100,000. In addition, the proposal provides for minimum fines of at least \$5,000 for various offenses related to the misuse of vehicle identification numbers, labels, or plates.

Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

The proposal also provides for property seizures for chop shop crimes. There can be proceeds from the seizure of property. IC 34-24-1-4 provides that seized property may be used by the law enforcement agency seizing the property for a period of three years. In addition, the law enforcement agency seizing the property shall deliver the property to the county sheriff for public sale. IC 34-24-1-4(c) provides for the disposition of sale proceeds to the state General Fund, the general fund of the local unit, or to the Common School Fund, depending upon the specific situation.

The specific impact will depend upon the convictions for the offenses listed.

**Explanation of State Revenues:** *Penalty Provision:* If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for the Class C felony established in the bill is \$100,000. Criminal fines are deposited in the Common School Fund.

If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

**Explanation of Local Expenditures:** *Penalty Provision:* If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. The average cost per day is approximately \$44.

**Explanation of Local Revenues:** *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

**State Agencies Affected:** Department of Correction.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Indiana Sheriffs’ Association, Department of Correction.

**Fiscal Analyst:** James Sperlik, 317-232-9866.